§ 1943.51　Introduction.

This subpart contains regulations for making initial and subsequent direct Soil and Water (SW) loans. It is the policy of Farmers Home Administration (FmHA) or its successor agency under Public Law 103–354 to make loans to any qualified applicant without regard to race, color, religion, sex, national origin, marital status, age or physicial/mental handicap provided the applicant can execute a legal contract. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to FmHA or its successor agency under Public Law 103–354 employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an FmHA or its successor agency under Public Law 103–354 employee. See exhibit A of subpart A of this part for making SW loans to entrymen on unpatented public lands. See subpart R of part 2000 of this chapter (available in any FmHA or its successor agency under Public Law 103–354 office) for the Memorandum of Understanding between the Farm Credit Administration (FCA) and the FmHA or its successor agency under Public Law 103–354.

[53 FR 35706, Sept. 15, 1988, as amended at 58 FR 227, Jan. 5, 1993; 58 FR 48282, Sept. 15, 1993]

§ 1943.52　Objectives.

The basic objective of the SW loan program is to provide credit and management assistance to eligible farmers and ranchers when credit is not available elsewhere. FmHA or its successor agency under Public Law 103–354 assistance enables farm and ranch operators to use their land resources to improve their financial conditions so that they can obtain credit elsewhere.

§ 1943.53　Management assistance.

Supervision will be provided borrowers to the extent necessary to achieve loan objectives and protect the Government's interest, in accordance with subpart B of part 1924 of this chapter.

§ 1943.54　Definitions.

Additional security. Any security beyond that which is required to adequately secure the loan.

Approval official. A field official who has been delegated loan and grant approval authorities within applicable loan programs, subject to the dollar limitations contained in tables available in any FmHA or its successor agency under Public Law 103–354 office.

Beginning farmer or rancher. A beginning farmer or rancher is an individual or entity who:

(a) Meets the loan eligibility requirements for SW loan assistance in accordance with § 1943.62 of this subpart.

(b) Has not operated a farm or ranch, or who has operated a farm or ranch for not more than 10 years. This requirement applies to all members of an entity.

(c) Will materially and substantially participate in the operation of the farm or ranch.

(1) In the case of a loan made to an individual, individually or with the immediate family, material and substantial participation requires that the individual provide substantial day-to-day labor and management of the farm or ranch, consistent with the practices in the county or State where the farm is located.

(2) In the case of a loan made to an entity, all members must materially and substantially participate in the operation of the farm or ranch. Material and substantial participation requires that the individual provides some amount of the management, or labor and management necessary for day-to-day activities, such that if the individual did not provide these inputs, operation of the farm or ranch would be seriously impaired.

(d) Agrees to participate in any loan assessment, borrower training, and financial management programs required by FmHA or its successor agency under Public Law 103–354 regulations.

(e) Does not own real farm or ranch property or who, directly or through interests in family farm entities owns real farm or ranch property, the aggregate acreage of which does not exceed 15 percent of the average farm or ranch acreage of the farms or ranches in the